

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR**

**Call to Order:** By **CHAIRMAN JOE MCKENNEY**, on March 23, 2001 at 8:00 A.M., in Room 172 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Joe McKenney, Chairman (R)  
Rep. Rod Bitney, Vice Chairman (R)  
Rep. Gary Matthews, Vice Chairman (D)  
Rep. Sylvia Bookout-Reinicke (R)  
Rep. Roy Brown (R)  
Rep. Nancy Fritz (D)  
Rep. Kathleen Galvin-Halcro (D)  
Rep. Dennis Himmelberger (R)  
Rep. Carol C. Juneau (D)  
Rep. Jim Keane (D)  
Rep. Rick Laible (R)  
Rep. Bob Lawson (R)  
Rep. John Musgrove (D)  
Rep. William Price (R)  
Rep. Allen Rome (R)  
Rep. Donald Steinbeisser (R)  
Rep. Brett Tramelli (D)  
Rep. James Whitaker (R)

**Members Excused:** Rep. Dave Gallik (D)

**Members Absent:** None.

**Staff Present:** Gordon Higgins, Legislative Branch  
Jane Nofsinger, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB340, SB405,, SB445, SB480,  
3/19/2001

Executive Action:

**HEARING ON SB480**

**Sponsor:** SEN. DALE BERRY, SD30, HAMILTON

**Proponents:** None

**Opponents:** None

**Opening Statement by Sponsor:**

SEN. DALE BERRY, SD30, HAMILTON, said this act establishes Montana as a member of the Pacific Northwest Economic Region and provide for appointment of members to the Pacific Northwest Economic Region. SEN. BERRY said he attended a conference this summer of PNWER and thought it was a good, active organization. He said the organization dealt with border agreements and energy issues. He said the organization was willing to waive the \$15,000 membership fee to have Montana join. He also noted the resolution to join had to be in statute to become a legal member. He added the PNWER is a partnership between state and provincial governments.

**Proponents' Testimony:** None

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

REP. JUNEAU said he had stated there was no cost, but the fiscal note said after 2003, the dues would be \$15,000 annually. SEN. BERRY said at that time the bill would be re-evaluated.

REP. GALLIK asked if the Canadian provinces were already dues paying and active. SEN. BERRY replied they were.

**Closing by Sponsor:**

SEN. BERRY stated there was no obligation in this bill, but there was a great potential.

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**HEARING ON SB340**

**Sponsor:** SEN. DALE BERRY, SB340, HAMILTON

**Proponents:** John Tabarecci, Montana Assn. of Realtors

**Rhonda Carpenter, Montana Housing Providers  
Roger Halver, Montana Assn. of Realtors**

**Opponents:** None

**Opening Statement by Sponsor:**

**SEN. DALE BERRY, SD30, HAMILTON,** said this act provides guidelines for personal transactions by real estate salespeople, defines "personal transaction," and revises real estate law about depositing personal transactions in a broker's account. He noted these applied to both rental and sales transactions.

**Proponents' Testimony:**

**Mr. Tabarecci** said a salesperson in real estate is under the supervision of the broker. Under the current law all money received by the salesperson is to be deposited in the broker's account. This law clarifies that when it is a personal transaction of the salesperson, this fact must be disclosed, and the money cannot be deposited in the broker's account and the broker is not responsible for the transaction or supervision of the transaction.

**Ms. Carpenter** said the legislation was brought about as a result of the fact she teaches a continuing education class for housing providers and Realtors. She said many of her students around the state would mention personal transactions being run through the broker's account. This bill separates the salesperson's private interests from the business.

**Mr. Halver** said this bill is different from the bill presented in the Senate. He said he was not comfortable with that one. The bill has been amended so the salesperson must disclose that he is not the owner of the property. He presented a letter asking the committee's support. **EXHIBIT (buh66a01)**

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REP. LAIBLE** said to **SEN. BERRY** that the current laws had been on the books a long time and asked if he was comfortable with this change. **SEN. BERRY** said he was comfortable with the fact that this consumer would be protected by this law.

**REP. BITNEY** asked **Mr. Tabarecci** how the broker and agent would be affected. He replied that nothing in this bill would get the

agent "off the hook" for being responsible, but the bill did lessen the liability for the broker/owner.

**Closing by Sponsor:**

**SEN. BERRY** concluded by saying the error and omission insurance did not cover personal transaction. He said this was a good bill that would eliminate more problems than it would create.

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**HEARING ON SB405**

**Sponsor:** SEN. GREG JERGESON, SD46, CHINOOK

**Proponents:** Mr. Jeff Brandt, Department of Administration  
Joe Mazurek, Montana Interactive  
Larry Fasbender, Department of Justice  
James Thomas, Secretary of State' Office

**Opponents:** None

**Opening Statement by Sponsor:**

**SEN. GREG JERGESON, SD46, CHINOOK**, said this bill had been brought at the request of the Senate Finance Committee. He said last session they directed a study to be engaged in on technology issues in state government by a select committee. One of the reports concerned e-government services and how to assess fees, he said. In order to do that the e-government services needed statutory framework. The bill provides for the duties and responsibilities of the Department of Commerce with regard to electronic government services, he said. It also, provides definitions, authorizes fees, rules and an advisory council, he added. He noted the fees might reflect the extra cost involved in mailing a license plate and recovering credit card cost.

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**Proponents' Testimony:**

**Mr. Brandt** presented written testimony. **EXHIBIT** (buh66a02)

**Mr. Mazurek** told the committee that NIC was the world's largest provider of e-government services, and was used in 13 states. He said it helps to deliver more government services faster, but

only to those who want to use it. "This is the way government is going," he said.

**Mr. Fasbender** said the number one complaint they have from citizens is the long line at the courthouse to register automobiles. He said it had been approved yesterday to make it possible for citizens to register automobiles on-line.

**Mr. Thomas** also appeared in support of the bill.

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**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REP. BOOKOUT-REINICKE** asked **Mr. Mueller, Montana Interactive**, if he had a contract with Montana. He replied that they had one for 5 years with a renewal option and they were already investing in infrastructure. **REP. BOOKOUT-REINICKE** asked if there were any competitors. He said they are a "self-funded portal" which meant they were funded by those who wanted the convenience of the services.

**REP. LAIBLE** asked if e-commerce would reduce the cost of government in terms of numbers of buildings and employees. **Mr. Mueller** said yes, and asked him to look at the vision statement, adding this would take place over a number of years.

**Closing by Sponsor:**

**SEN. JERGESON** said the state was in a major transition period with e-commerce and technology. "This bill is part of it," he concluded.

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**HEARING ON SB445**

**Sponsor:** SEN. MIKE TAYLOR, SD37, POLSON

**Proponents:** Karl Ohs, Lt. Governor of the State of Montana  
Director Mark Simonich, Department of Commerce  
Tom Scott, First Interstate Bank  
SEN. EMILY STONINGTON, SD15, BOZEMAN  
SEN. DON HARGROVE, SD16, BELGRADE  
Bill Gray, Research and Commercialization Board  
Dick Crofts, Commissioner of Higher Education  
Tom McCoy, Montana State University

Jerry Bromenshenk, Montana State University  
John Cadby, Montana Bankers Assn.  
Riley Johnson, NFIB  
Rhonda Carpenter, Montana Housing Providers  
Roger Halver, Montana Assn. of Realtors  
Keith Colbo, Montana Investors, Big Sky Airlines  
Aidan Myhre, Montana Chamber of Commerce  
Carl Schweitzer, Montana Plumbing and Heating Contr.

Opponents: Kay Unger, MES/MFT  
Linda Reed, citizen  
Chuck Merja, citizen  
Ralph Hutchinson, Research and Commercialization Board  
John Srhontz, Montana Newspapers Assn.

Opening Statement by Sponsor:

**SEN. MIKE TAYLOR, SD37, POLSON**, told the committee this bill had been requested by the **Governor** and the **Lt. Governor**, and set forth a re-organization of the Department of Commerce.

**Lt. Governor Ohs** said they had put a lot of work and thought into this bill, and had talked about it during the campaign and for some time. He said it would make the Department of Commerce a lean and efficient organization. He said it also moves the economic development staff to the **Governor's Office** because that shows a high level of commitment by the **Governor** to economic development. He said in this time of tight funding there is no easy answer, but they feel they have found the least intrusive way to strike a balance between research and economic development. He said it takes vision to see potential and every day people come into the **Governor's Office** with a vision of a business they want to start and ask how the **Governor** can help.

**SEN. TAYLOR** presented charts and a description of the plan. **EXHIBIT (buh66a03)** He noted other states have done similar things by putting economic development in the **Governor's Office**. He said the plan would establish exempt positions to advise the **Governor** in the following areas: marketing, technology, education, technology, infrastructure and regulations. The chart showed there would also be a business recruiter, a Washington, D.C. staffer, outside consultants and local economic development coordinators.

Proponents' Testimony:

**Director Simonich** said he supported the plan and had been active in crafting the legislation. He said portions of the Department

of Commerce had also been transferred to Labor and Industry, Administration, Justice, and Livestock Departments. He said in the Special Session 2000, \$4.85 million had been designated to research and commercialization and this bill would take \$850,000 of that money for the **Governor**.

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**Mr. Scott** said an economic development effort must be privately driven and publicly facilitated. He said the **Governor** must be accountable to economic development and this bill does this.

**SEN. STONINGTON** presented an amendment to what she called a "bold initiative" of the **Governor**. She said the bill was submitted two days before transmittal and this issue was never debated.

**EXHIBIT (buh66a04)** Her amendment removes the \$850,000 funding. She said they had fought long and hard for the research and commercialization funds and now less than 10 months later they were chopping 20% of the funds. She said, "Put this amendment in and let the legislature debate it, then if you would rather see the money in the **Governor's Office**, than on the ground, so be it."

**SEN. HARGROVE** said the **Governor** is committed to encourage development and is willing to take to responsibility for it. He also said he had worked 15 years to get a research and commercialization fund and he was opposed to using that money.

**Mr. Gray** said he felt the \$850,000 should stay in his budget because the money is used for leverage in obtaining grants which have the potential of creating a much larger source of funding. He noted that \$3.88 million committed for the first 2 years had matching grants of \$7 million or more. **EXHIBIT (buh66a05)**

**Mr. Crofts** said he was concerned about losing the money. He said, "We need this money to provide matching grants." He said it is a good bill, but he hoped there would be some other way to fund it.

**Mr. McCoy** he asked them not to cut into the research money and projected by 2005 it would have generated over \$100 million. "Raiding a fund like this after 10 months, is not right," he said.

Also supporting the bill were **Jerry Bromenshenk, John Cadby, Riley Johnson, Rhonda Carpenter, Roger Halver, Keith Colbo, Aidan Myhre, and Carl Schweitzer.**

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**Opponents' Testimony:**

**Ms. Unger** said she was there because of the removal of funds from research and commercialization. She said if this was the only source of funds, she must oppose the bill. "Montana has now joined with other states in acquiring matching funds," she said, "To shut down 20% of these funds is ridiculous."

**Ms. Reed** said it was difficult to oppose the bill because she saw her friends there, but it was not a good decision to take these funds away. Technology is the only thing which has kept Montana's farmers competitive, she said.

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She said she agreed with the reorganization because the name of the **Governor's Office** would get "phone calls returned." She said there was a three year window left in this administration and asked what if there was a change in the administration. A lot is being changed here, she said. She asked the committee to "let their consciences play a role in their decision."

**Mr. Merja** said he supported economic development and elevating it to the **Governor's Office** but was against removing the money so he had to be opposed to the plan. "Don't rob Peter to pay Paul," he said.

**Mr. Hutchinson** was also against taking the money. "What we are seeing here is politics," he said.

**Mr. Srhontz** said he opposed the bill because it eliminated the Board of County Printing which was a long-standing public-private partnership. He offered an amendment to keep this board as it currently operates. **EXHIBIT (buh66a06)**

**Informational Witness:**

**Lewis Smith, State of Montana**, said there were concerns about who would pay for the cost of the transfers, and the re-printing of rules which he estimated at \$70,000. **EXHIBIT (buh66a07)**

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**Questions from Committee Members and Responses:**

**REP. GALLIK** asked **SEN. TAYLOR** how he justified taking the research money and giving it to political appointees. **SEN. TAYLOR** said **Lt. Gov. Ohs**, then **REP. OHS**, had carried the bill in Special Session, and first it had been \$1 million, then \$2 million, then \$3 million, and then almost \$5 million. One of the objectives of



the money had been job spin-off, he said, and economic development would help that spinoff.

**REP. GALVIN-HALCRO** asked **SEN. TAYLOR** how much more money was in HB2 for this plan. **SEN. TAYLOR** said he was not sure, but he thought a total of \$1.2 million per year.

**REP. GALVIN-HALCRO** asked **Director Simonich** if the 7 exempt positions would be high salaries. He replied yes. She then asked what jobs would move. **Director Simonich** presented her a chart of what jobs move. **EXHIBIT**(buh66a08)

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**REP. LAIBLE** asked **Director Simonich** about how the structure would change physically. **Director Simonich** said that other than about 8-12 people, no one would move.

**REP. JUNEAU** asked **Director Simonich** if it was possible to have a copy of the budget before executive action. She said most people applying for a loan of \$1.2 million would be asked for that. She asked how the D.C. staffer would be paid and housed, and said "that alone would be a huge project."

**Director Simonich** said, "I didn't create the plan, the **Governor** and the Budget Office did." He added the D.C. consulting may be through a contract.

**REP. JUNEAU** asked what the **Governor** planned to do about the great economic development needs of the reservations.

**Director Simonich** said they would help in every way they could,

**SEN. JOHN COBB** presented a written comment. **EXHIBIT**(buh66a09)

**Closing by Sponsor:**

**SEN. TAYLOR** said whenever anything undergoes change and there is a vision, this creates some concerns. "This is the right direction for Montana," he said. He added, "I have studied other states, and this is what they do." He said, "You don't get good people unless you pay for them."

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**ADJOURNMENT**

Adjournment: 11:25 A.M.

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REP. JOE MCKENNEY, Chairman

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JANE NOFSINGER, Secretary

JM/JN

**EXHIBIT** (buh66aad)